

Insights into Retirement Risks and Opportunities in Asia Pacific Markets

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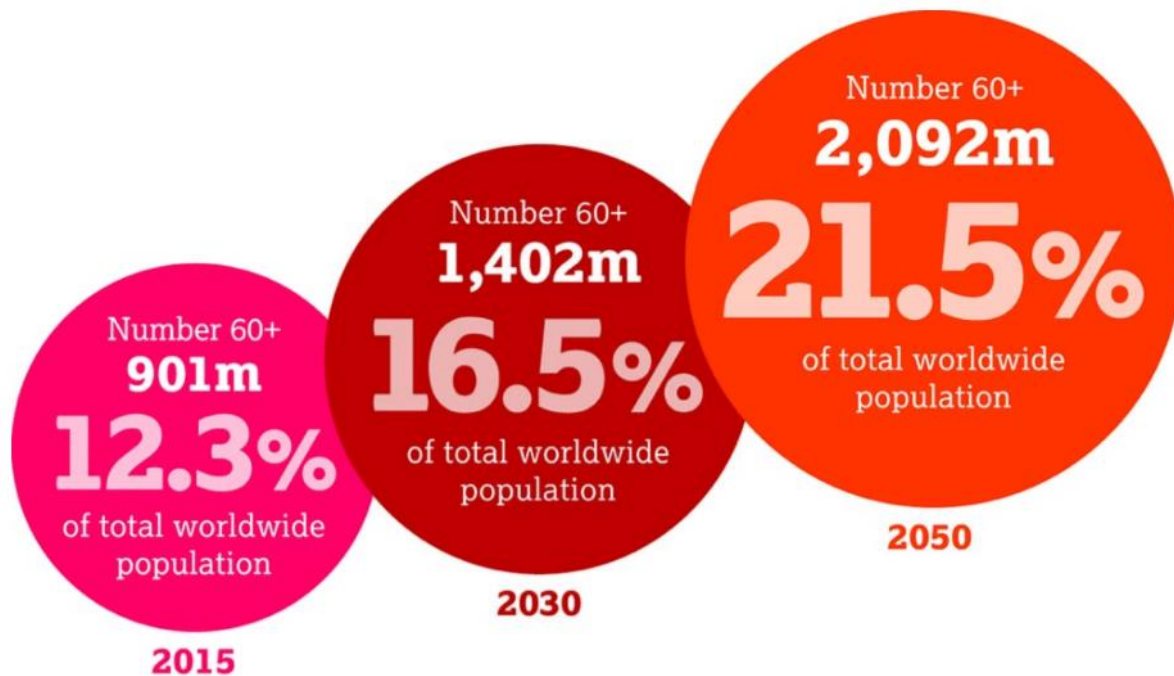


About the Research – Consumer perception



- Collaborative research between LIMRA and SOA
- Objective: Study the current state and future opportunity of the retirement market in Asia
- Methodology: Survey of 9,000+ consumers
- Age band: 30-75 years, who make financial decisions
- Target Market: Covering 9 markets including China, Singapore, Hong Kong, Japan, South Korea, India, Indonesia, Taiwan, Thailand

Rapid Growth of 60+ globally



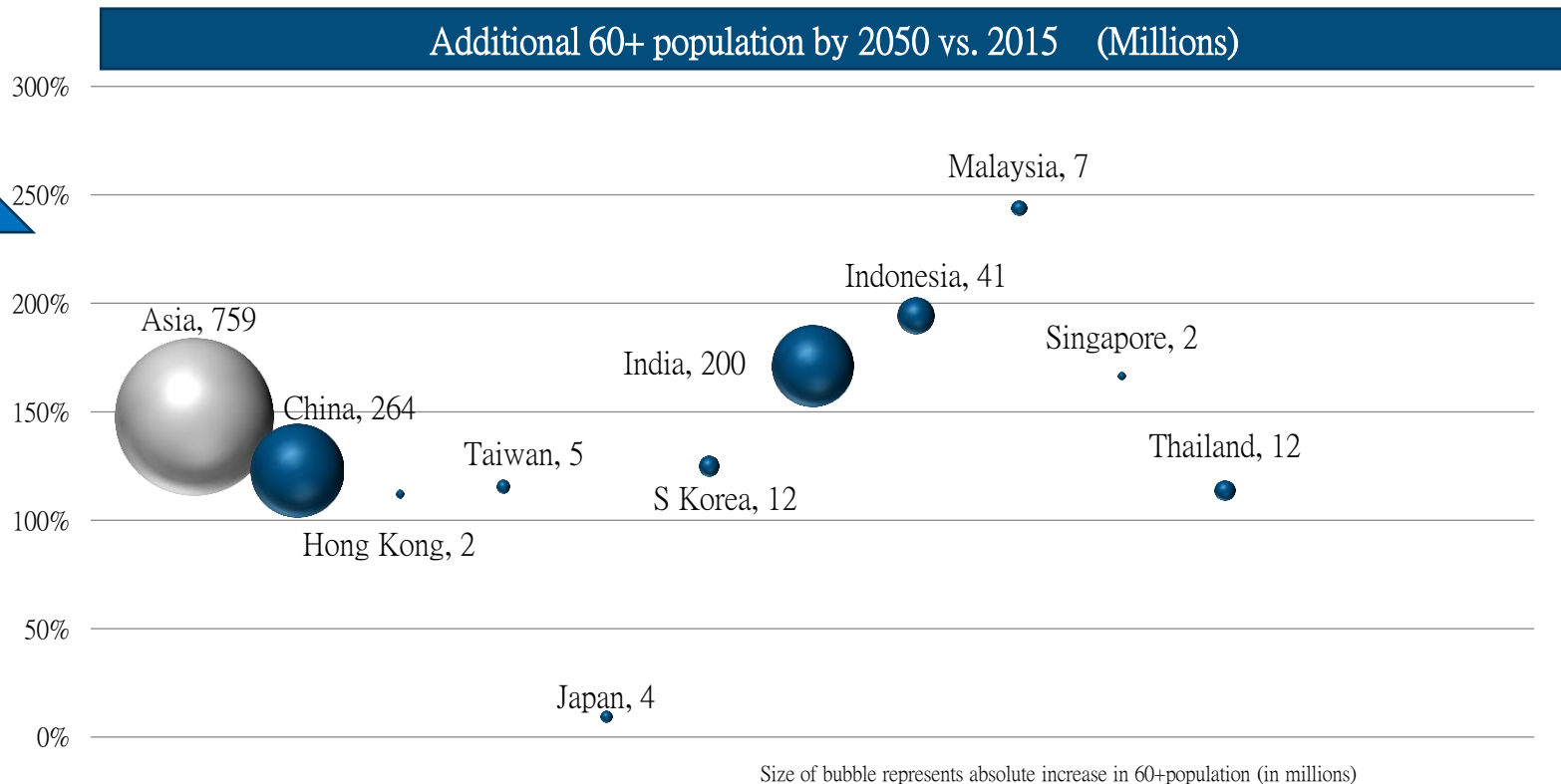
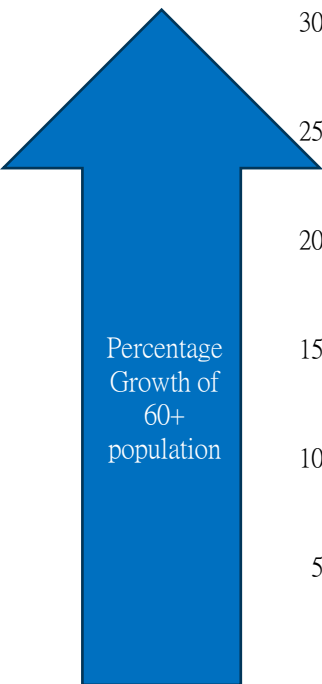
Source: UNDESA Population Division, World population prospects: the 2015 revision, DVD Edition, 2015.

Population Growth: 2015-2050

	Overall Population	60+ Population
Asia	19%	148%
Japan	-15%	10%
Thailand	-5%	114%
Taiwan	-3%	116%
China	-2%	123%
South Korea	0%	125%
Hong Kong	14%	112%
Singapore	19%	167%
India	27%	171%
Indonesia	25%	195%



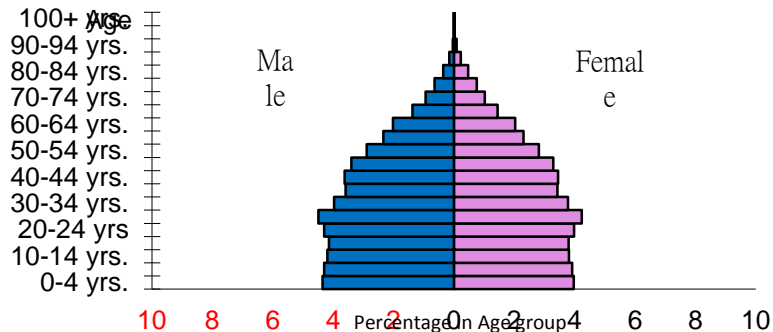
Asia's "NEW" 60+ population by 2050: > Current Europe OR 2X US



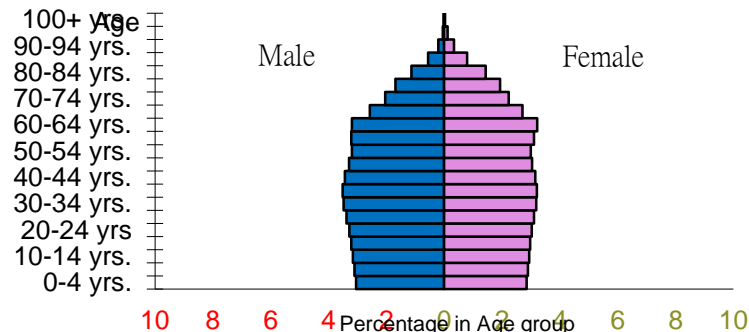
Size of bubble represents absolute increase in 60+population (in millions)

Population Pyramid – the old, the young & Asia

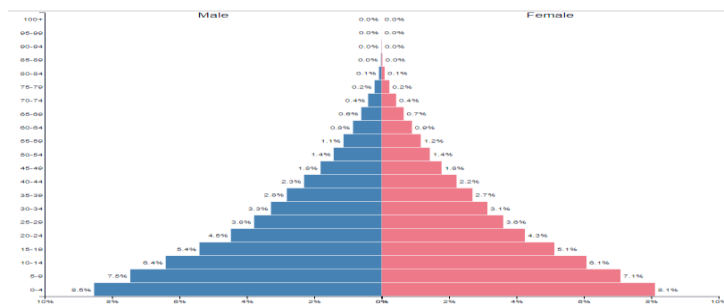
2015 : Asia



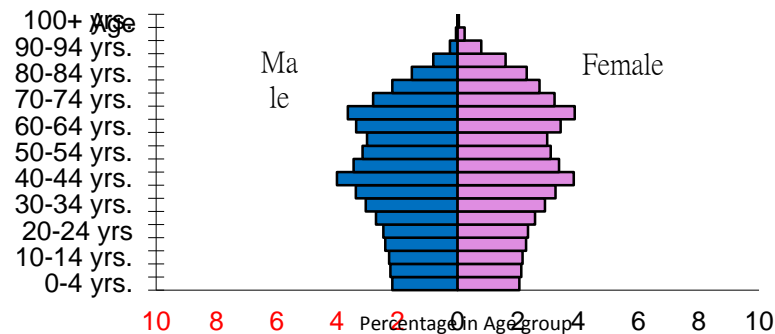
2050: Asia



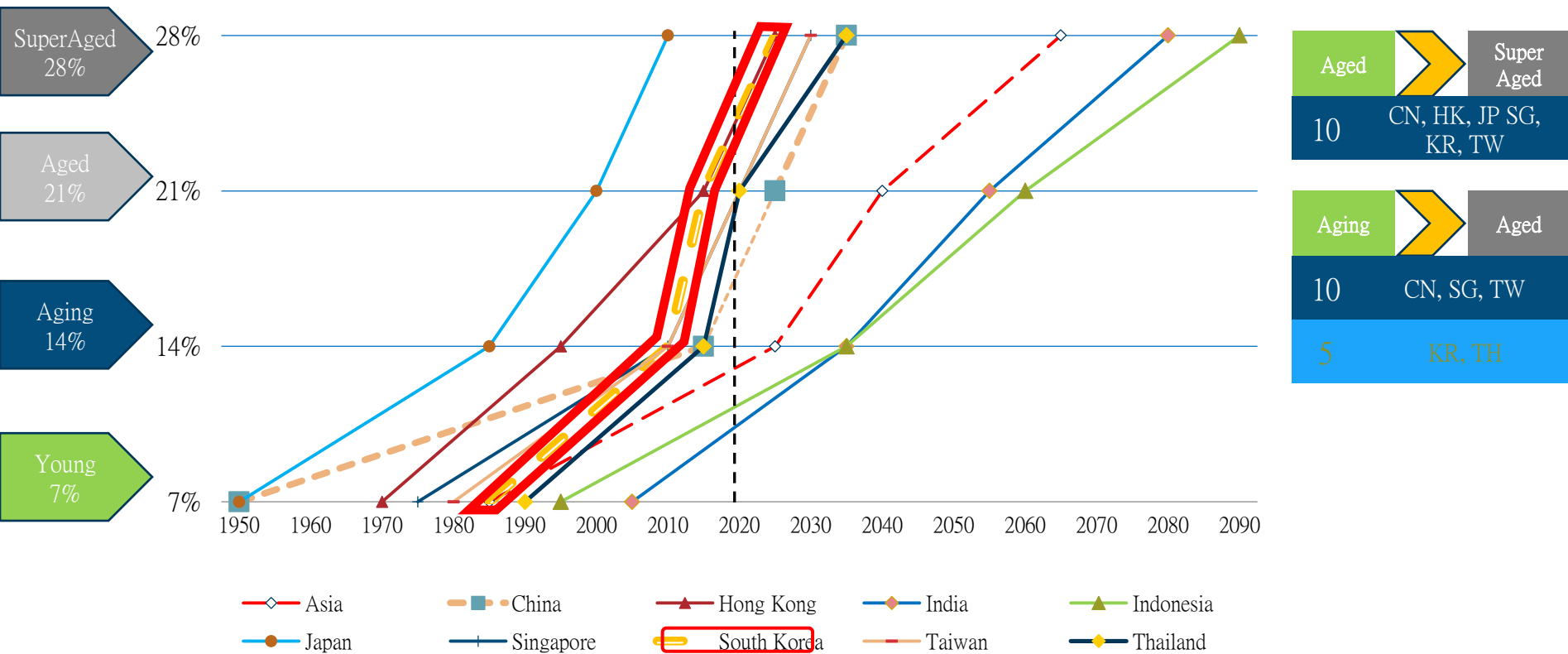
2015: Nigeria – Young country



2015: Japan – 2nd Oldest country

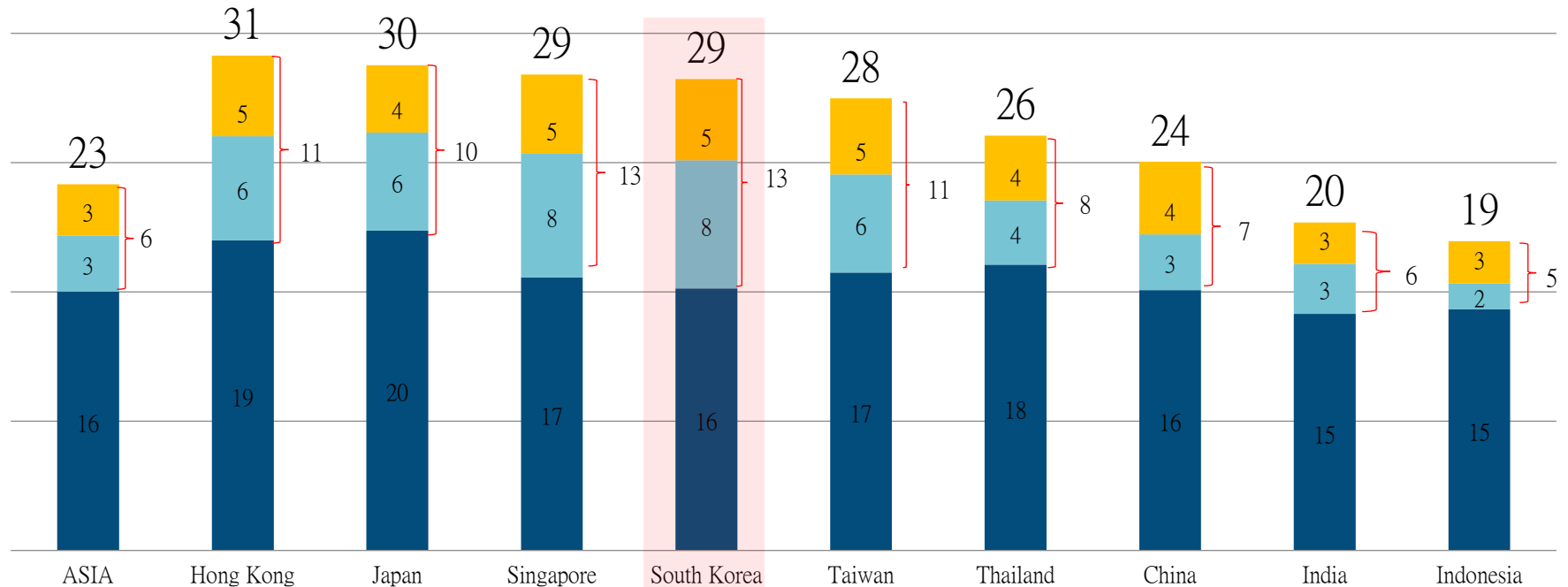


Asia has entered a phase of rapid aging



Most are living longer than ever before

Average Life expectancy at 60 years Age



1975-80 ■ Increase by 2010-15 ■ Increase by 2050-55



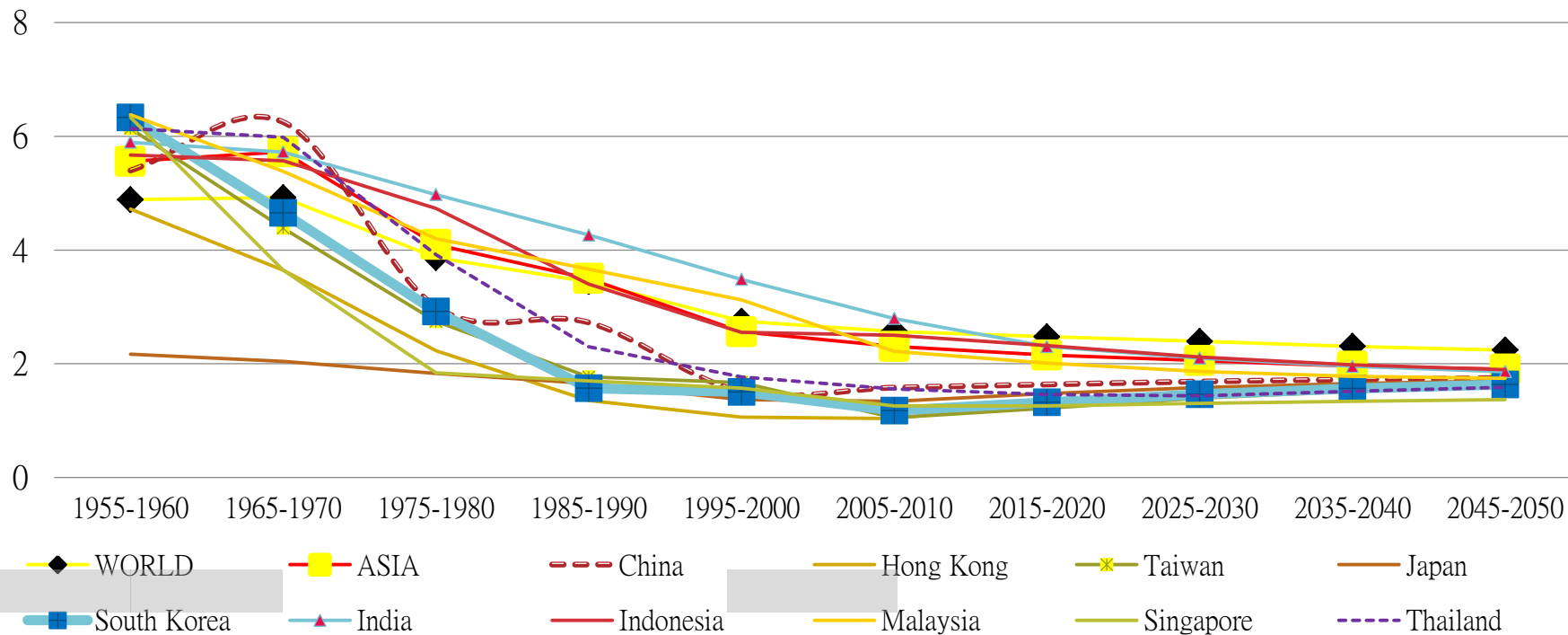
Society of Actuaries population division

SOCIETY OF ACTUARIES

Note: Differences in summation are due to rounding off

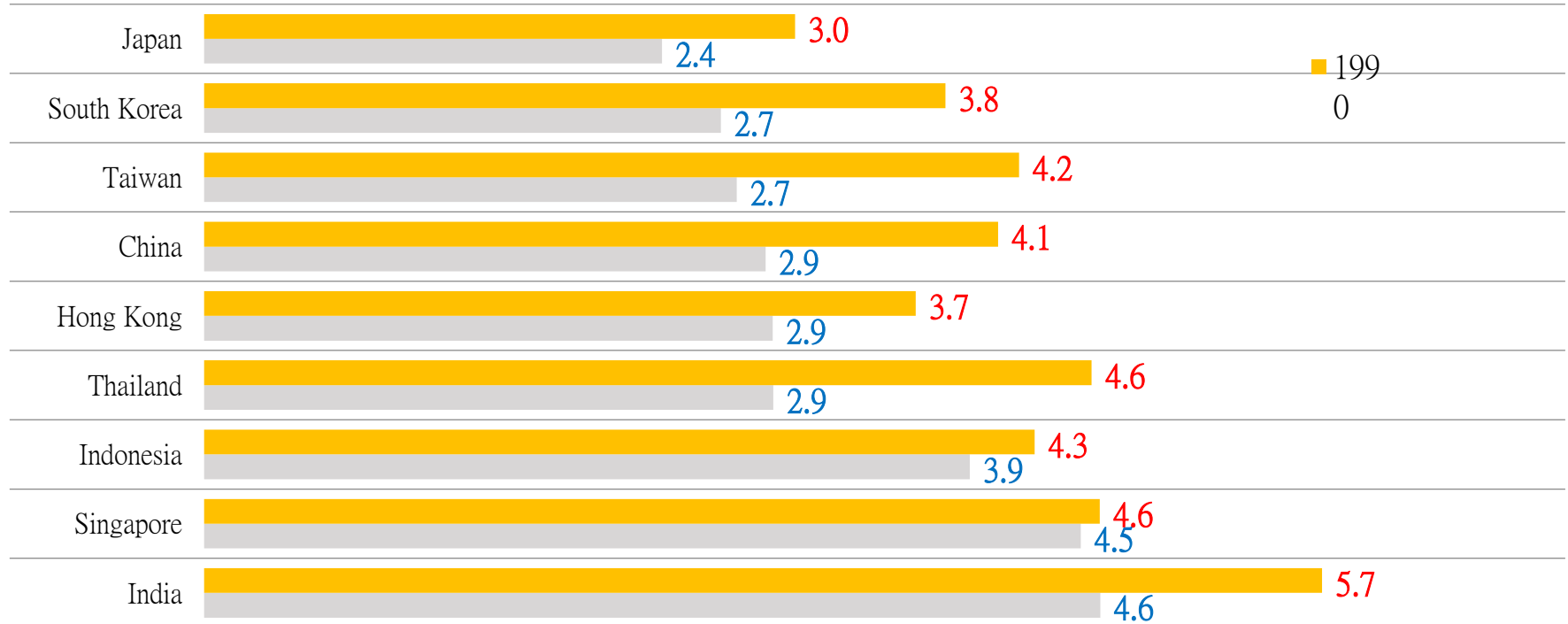
Lower fertility rate is leading to population decline

Live births per woman during childbearing years



Socio economic changes & shrinking population is resulting in smaller households

Average size of households



Most Asian markets were ranked in the bottom half

Pension Sustainability Index						
Region	TOTAL		Demographics	Public Finance	Pension System	Market
	Score	Ranking	Ranking	Ranking	Ranking	
Hong Kong	7.1	14	43	10	13	HK
Singapore	6.6	24	45	18	29	SG
South Korea	6.5	33	53	11	25	KR
Indonesia	6.2	39	7	7	50	ID
Taiwan	6.2	40	54	17	26	TW
Japan	5.8	46	52	50	18	JP
India	5.8	48	6	6	54	IN
China	5.0	53	44	24	51	CN
Thailand	4.9	54	47	19	52	TH

Majority of the retirement risks can be managed

Key Retirement Risks



*How are the
consumers
preparing in these
challenging times?*

People have basic expectations from retirement life

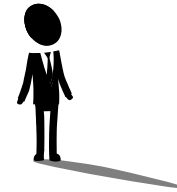
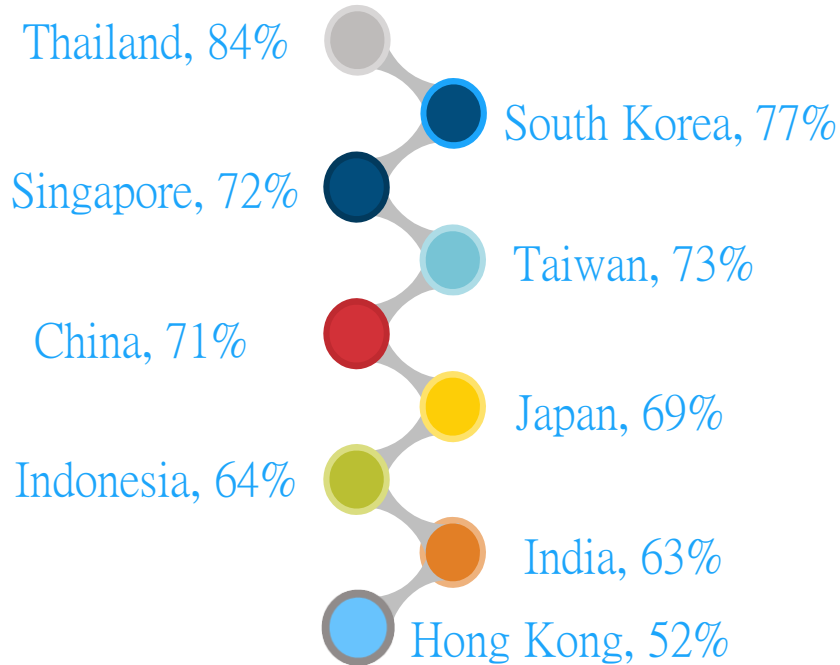
Hopes and aspirations for their retirement (Top 5)

- Maintain physical health and well being
- Spend more time with friends and family
- Financially support my family
- Learn a new skill/hobby
- Travel more

Asia Retirement Study 2017 - LIMRA/SOA

2/3^{rds} consider they should be responsible for retirement funds

Individuals themselves should be responsible for providing retirement funds

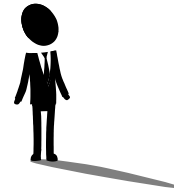
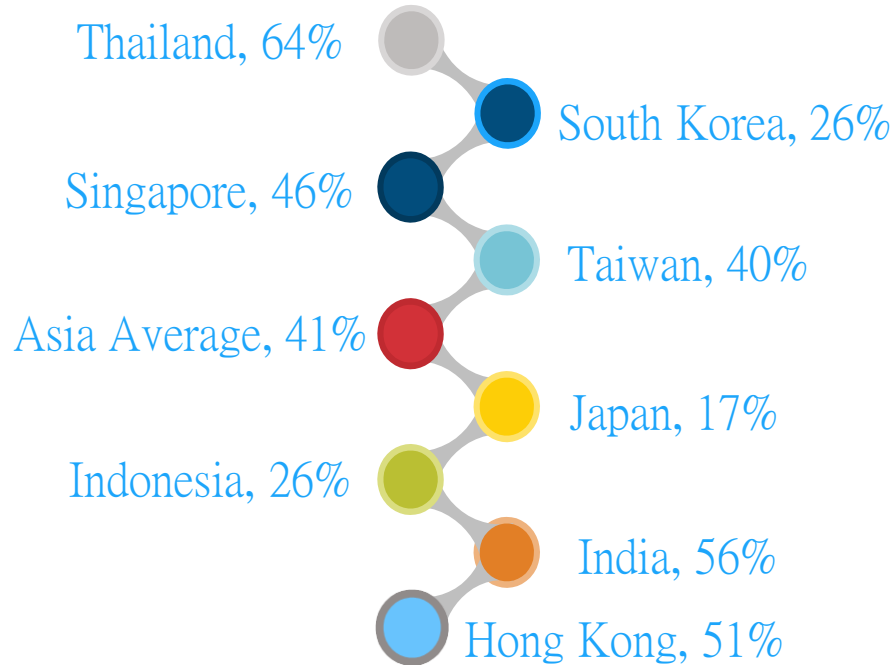


Asia Retirement Study 2017 - LIMRA/SOA

Financial Dependence

- Which market had the highest percentage where parents were financial dependent on the respondent?
- Japan
- Hong Kong
- Thailand

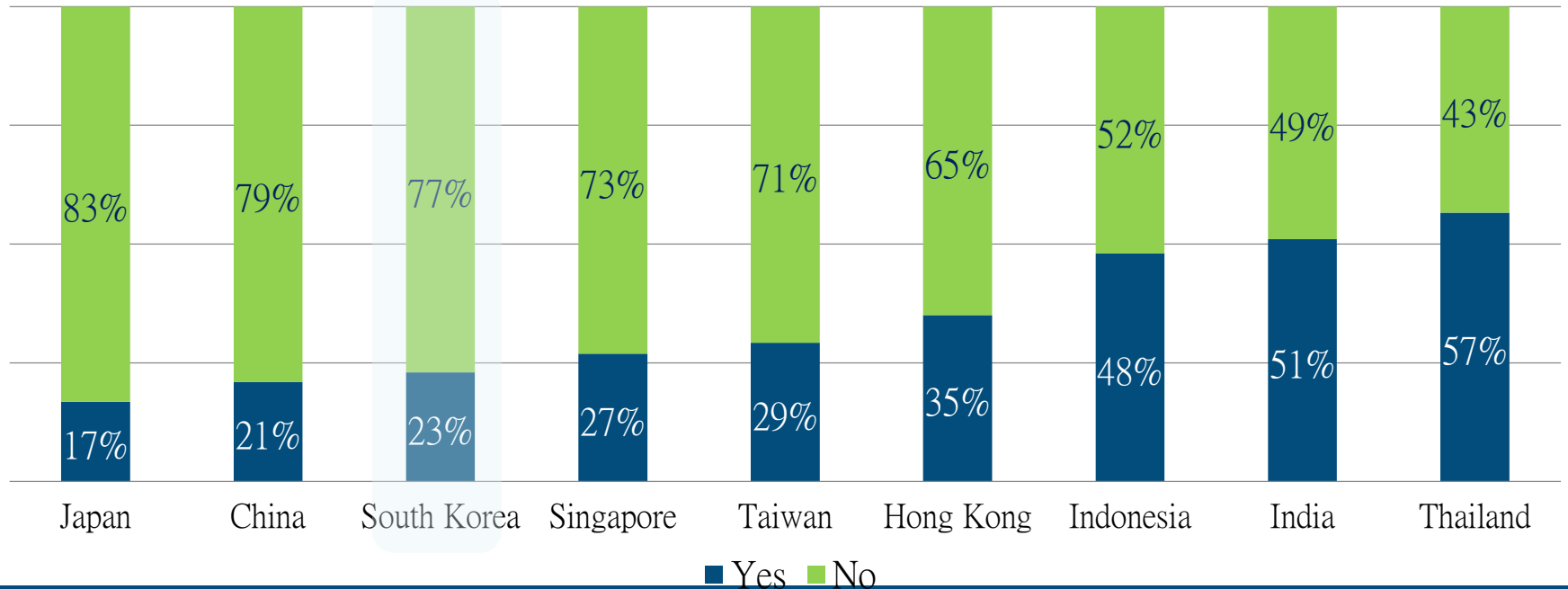
Parents Financially Dependent on Responding Household



Asia Retirement Study 2017 - LIMRA/SOA

Nearly ½ of respondents don't have formal retirement plan

Does your household have a formal written plan for managing your income, assets, and expenses during retirement?



Predictably most are looking for safer options

How does your household plans to generate income from your retirement savings?



- Withdraw only interest and dividend earnings, but not principal
- Generate rental income by investing savings, in property
- Buy or look for guaranteed lifetime income product



- Opt for a reverse mortgage
- A corporate annuity with a tax benefit
- Withdraw some principal and some interest on a regular basis

Start saving/investing from around late 30's/early 40's

Started Saving/Investing for retirement at the age of...

Singapore	Japan	Hong Kong	India	Taiwan	South Korea	Indonesia	Thailand
37	42	38	38	39	44	38	38
25	20	23	24	23	19	23	23

And plan to retire/retired by the age of...

Singapore	Japan	Hong Kong	India	Taiwan	South Korea	Indonesia	Thailand
62	62	61	62	62	63	61	61

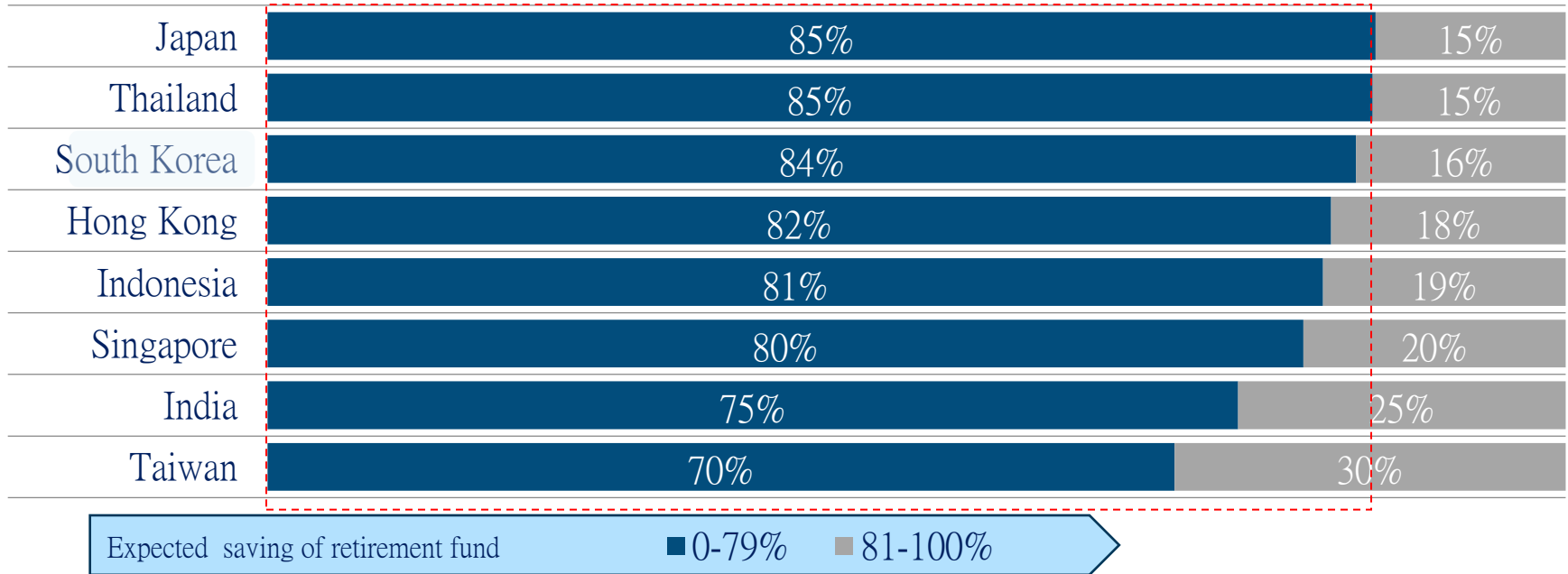
...nearly ½ regret delaying retirement planning

I regret, I started saving and investing for retirement a bit late' OR 'I have not started saving for retirement at all'?

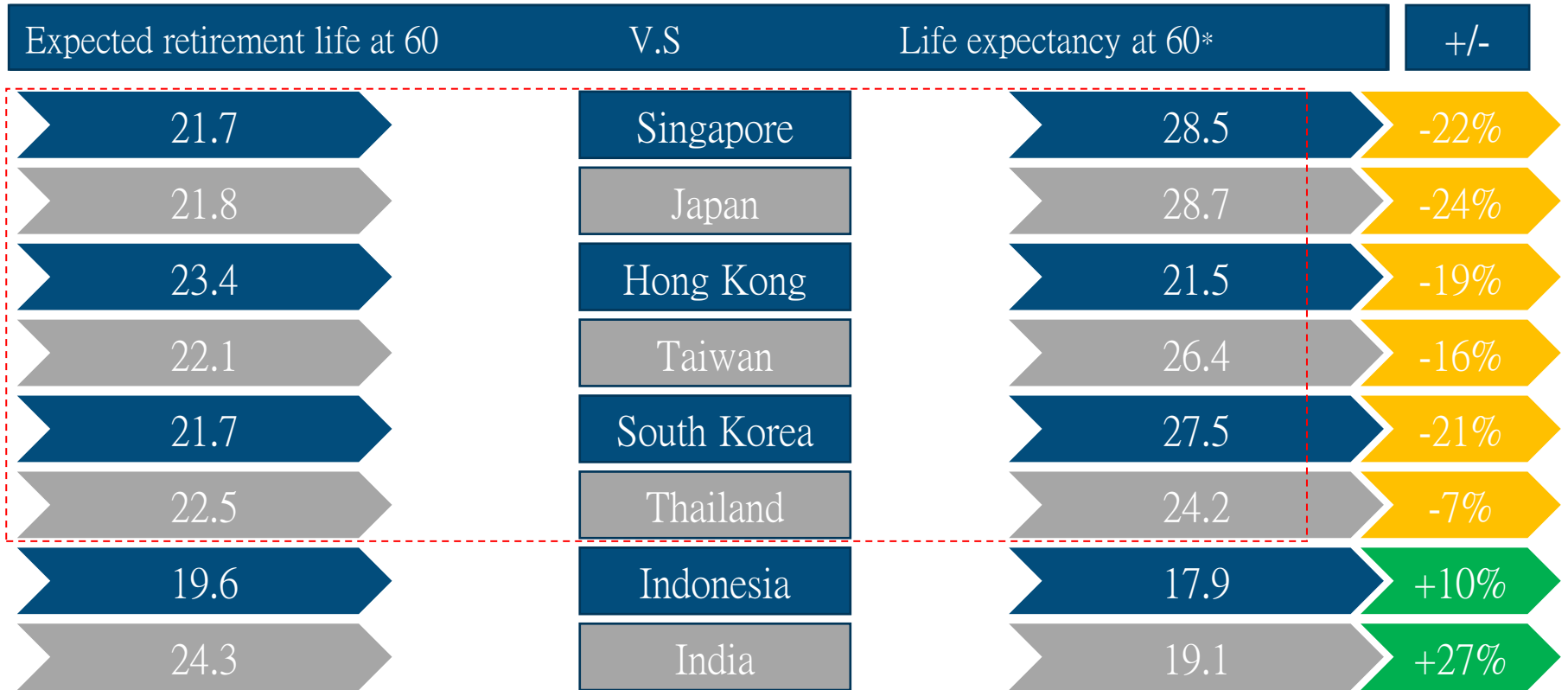


...Resulting in HUGE GAP in retirement funds

How much of retirement funds do you anticipate to have/had when you turn 60?

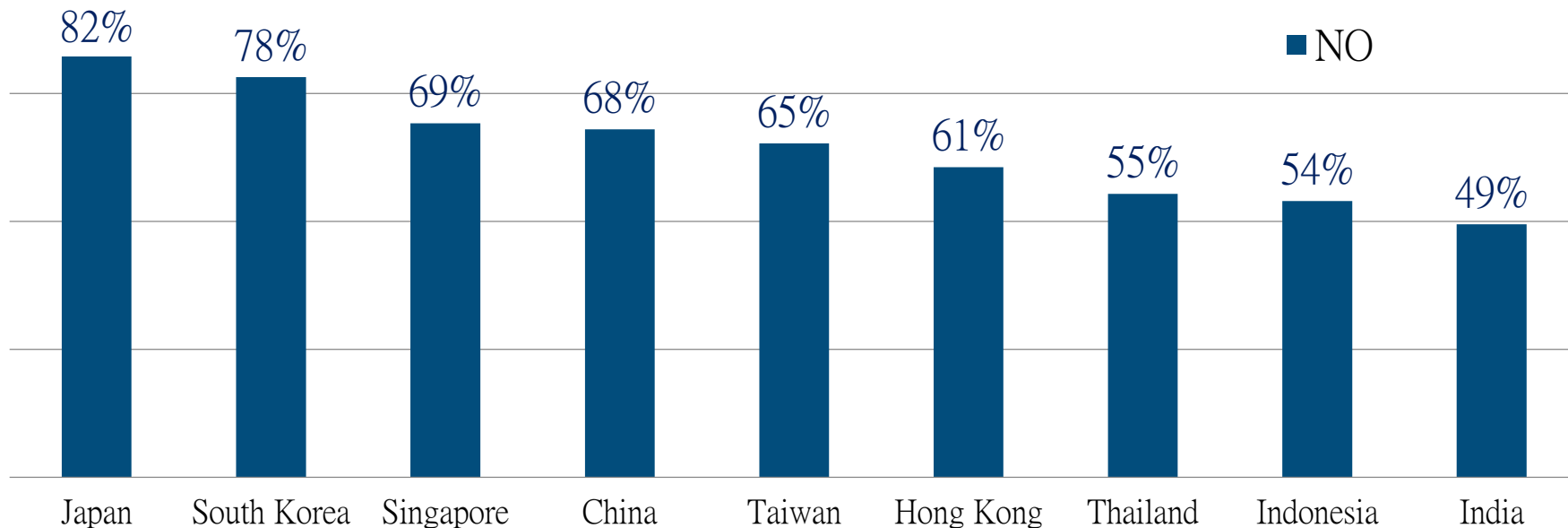


How long do they expect to live after retirement?



Majority do not seek help to create retirement plan

Did a financial professional help your household create a retirement plan?

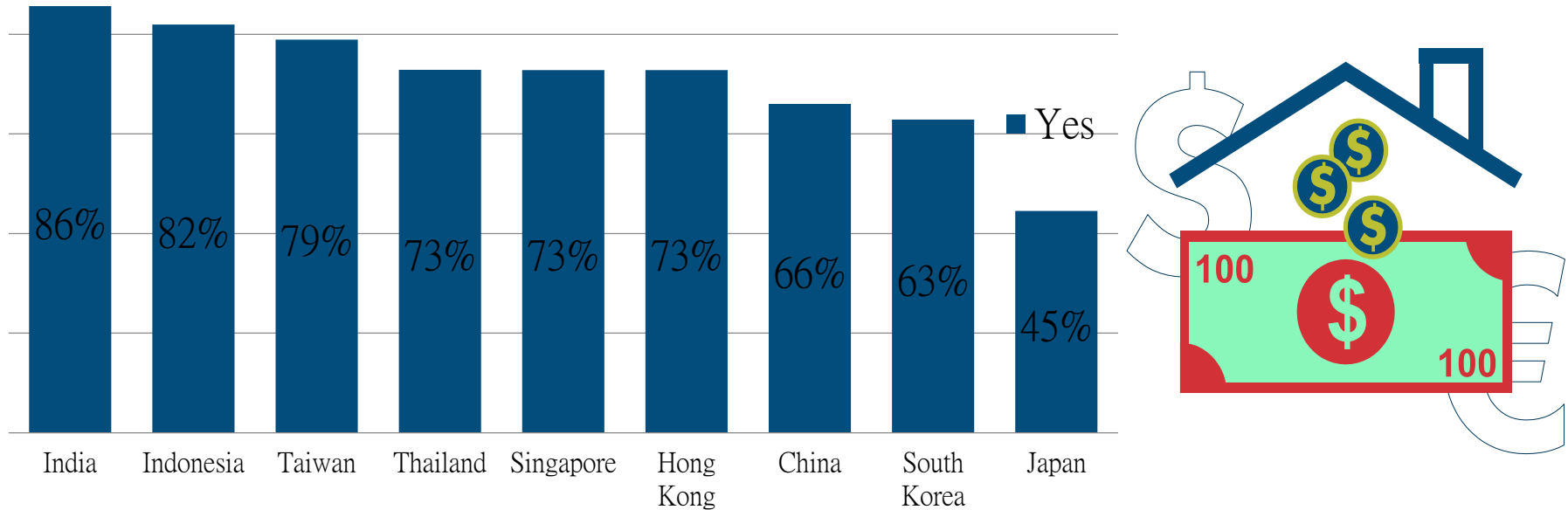


Annuity Preferences

- Which market had the highest percentage of respondents interested in annuities for lifetime income?
- Japan
- India
- Singapore

Majority want to convert retirement assets into annuity

I would like to convert part of my retirement assets into buy an annuity product and create lifelong income stream



Desired Product Features

Which of the following product features are most important to you? (across markets)

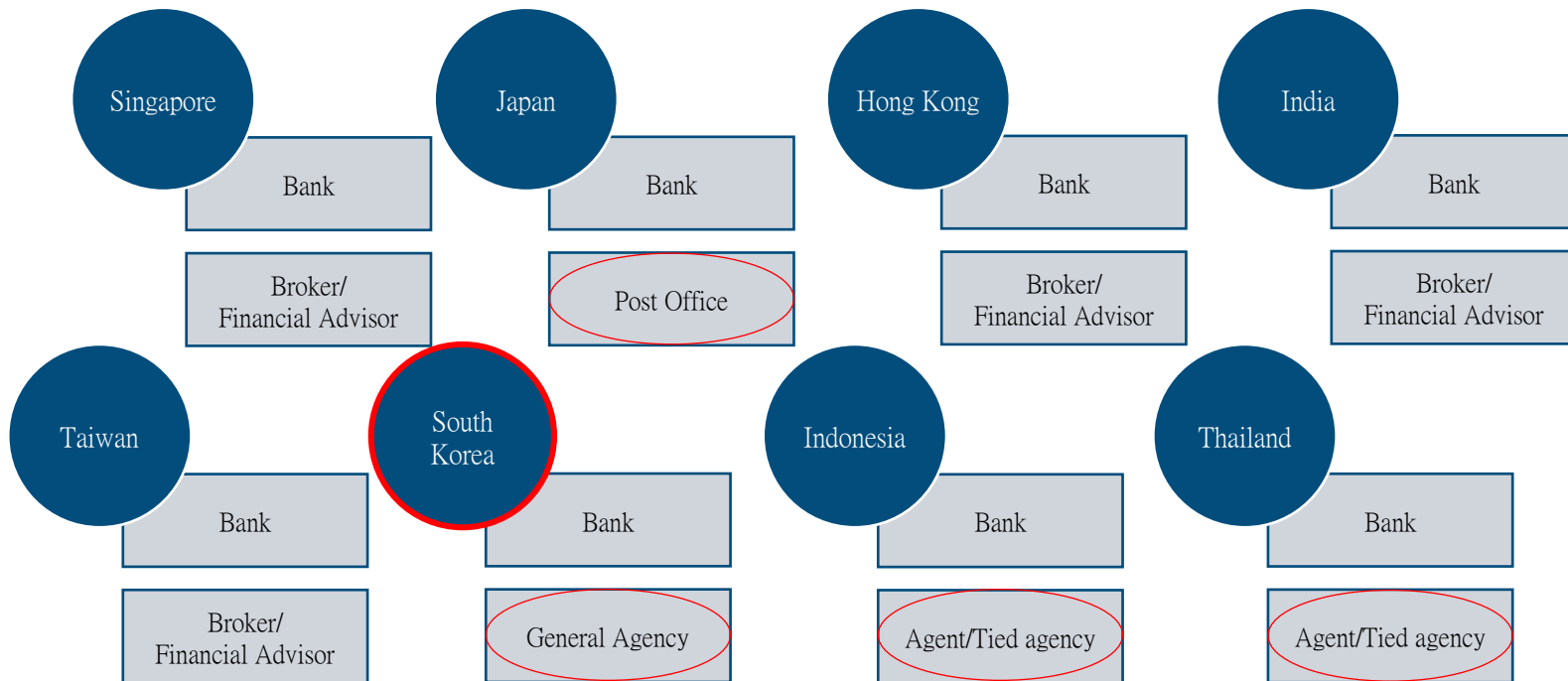
- Income that is guaranteed for life
- Initial investment amount is preserved or protected
- Guaranteed returns on investments
- Control over how investments are managed
- Income amount can be changed as needs change
- Income will remain the same or fixed throughout retirement
- Income has the potential for growth with market

Points of Purchase

- Which market included post offices as a major potential purchase point?
- Japan
- India
- Hong Kong

Banks are the most preferred channel to buy

From where would you buy the product with the key features you selected (Top 2)



Hong Kong Summary Points

- **Demography:** Quickly turning from an aged to super-aged market
- **Social Pension:** Pressure to provide adequate coverage; General design for low level of protection
- **Retirement planning:** 89% have taken “at least one step” ; ...65% do not have formal written plans
- **Willingness to buy:** Guaranteed lifetime income is a strong, preferred product feature. 73% of respondents willing to convert a portion of assets to annuities to generate lifetime income



Summary

- **Demography:** Elderly population will more than double; Speed of aging has reached unprecedented levels; individuals continue to underestimate longevity
- **Pension sustainability:** Under severe need to reform
- **Funding:** Individuals consider its their own responsibility to fund retirement, and not depend on government
- **Retirement planning:** Most start planning for retirement very late
- **Funding Gap:** Most are worried about the shortage of retirement funds but still do not seek professional help
- **Willingness to buy:** On the bright side people want to buy financial products (annuities), through banks and other channels





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